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SUBJECT: SINGAPORE-INDIA: STRATEGIC SYMBIOSIS

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¶1. (C) Summary: Singapore is working systematically with India to strengthen India's bilateral and regional engagement in East Asia, Ambassador-at-Large Tommy Koh, Indian High Commissioner S. Jaishankar, and other contacts told CDA and Embassy officers. Symbolic of this was Foreign Minister George Yeo's deep involvement, including through his February 19-21 visit to Bihar, in the effort to reestablish India's ancient Buddhist Nalanda University. The Nalanda University Project helps demonstrate, in the words of Singapore-based Indian scholar C. Raja Mohan, that India is "part of East Asia's DNA." In another indication of intensive Singapore-India engagement, Ambassador Koh and Indian Special Envoy Dr. S.K. Lambah led the two sides in the February 9-10 2nd India-Singapore Strategic Dialogue (ISSD) sessions held in India, where discussion focused on strengthening bilateral relations, the global economic crisis, the new U.S. Administration, the rise of China, and developments within South and Southeast Asia. India is providing Singapore's Armed Forces greater access to needed training space while India is increasing its use of Singapore's naval logistical support facilities. The India-Singapore Free Trade Agreement (FTA), India's first comprehensive FTA, has brought significant benefits to both countries, with total trade increasing by double digit percentages year on year since ¶2005. While GOS officials are satisfied with India's bilateral engagement, they compare its efforts elsewhere in Southeast Asia unfavorably with China's "more strategic" approach. End Summary.

Look East...Please!

¶2. (C) Singapore is working systematically with India to strengthen India's bilateral and regional engagement in East Asia, Ambassador-at-Large Tommy Koh, Indian High Commissioner ¶S. Jaishankar, and other contacts told CDA and Embassy officers in recent conversations. Former Singapore Ambassador to India See Chak Mun, now a Senior Fellow at the Institute of South Asian Studies, said Singapore is doing what it can to encourage India's "Look East Policy." Singapore played a significant role in helping India join the East Asian Summit (EAS) and Singapore has become India's "best friend" within ASEAN. Singapore also supported India's bid for a permanent seat on the UN Security Council, although Singapore remained silent on the issue of granting India veto power, See said.

¶3. (C) The joint project to redevelop Nalanda University grew

out of Singapore's desire to promote India's integration with East Asia. Nalanda, currently a ruin in Bihar state, was the world's premier center of Buddhist learning from the 5th century until its destruction by the Moghuls in the 12th century, which coincided roughly with the establishment of Oxford University. The plan to rebuild Nalanda University as a modern educational center that would draw scholars from throughout the world is the brainchild of people including Singapore Foreign Minister George Yeo, who visited Bihar February 19-21 to promote the project. As expressed by Indian political analyst C. Raja Mohan (currently on a fellowship at Singapore's Rajaratnam School of International Studies), the strategic purpose is to "demonstrate that India is part of East Asia's DNA."

14. (C) Ambassador Koh told us that the Nalanda reconstruction effort has gained formal endorsement as a cultural project under East Asian Summit auspices. In addition to India and Singapore, China and Japan have pledged to help fund the reconstruction of the university. China's interest stems from its current exploration of the utility of Buddhism as a means of ensuring social harmony, HC Jaishankar told us; the project shows that India and China have become involved in a contest over the "IPR of Buddhism," he said. Nalanda University was the destination in the Chinese epic "A Journey to the West," so rebuilding Nalanda helps to counter the view that India is somehow less authentically Asian than countries where people use chopsticks, HC Jaishankar said.

Strategic Dialogue

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15. (C) In another indication of intensive Singapore-India engagement, Ambassador Koh and Indian Special Envoy Dr. S.K. Lambah led the two sides in the February 9-10 2nd India-Singapore Strategic Dialogue (ISSD), where discussion focused on strengthening bilateral relations, the global economic crisis, the new U.S. Administration, the rise of China, and developments within South and Southeast Asia. According to HC Jaishankar, India proposed the idea of a bilateral Strategic Dialogue with Singapore based on India's successful experience with the U.S.-India Strategic Dialogue. Singapore and India had trading links even in ancient times, share cultural links due to Singapore's large ethnic Indian community (approximately nine percent of the population), and have long enjoyed good bilateral relations, he noted.

16. (C) HC Jaishankar said India felt the relationship could be deepened. Singapore was keen to "bring India into East Asia," while India saw potential to make greater use of Singapore as a jumping-off point for engagement with the rest of ASEAN, Jaishankar told us. Meanwhile, Singapore had only superficial understanding of India and even more limited knowledge of the rest of South Asia. In addition to helping each side better understand the other's subregion, India thought the Dialogue could be useful in facilitating government-to-government interactions down to the perm-sec level. Singapore felt frustrated by a perceived lack of access to top Indian policymakers. India solved that problem by naming Lambah, "Mr. Access" in India, according to HC Jaishankar, as India's lead representative for the Dialogue.

Growing Defense Ties

17. (C) Singapore and India have been steadily increasing defense ties, officials and analysts told us. According to Ambassador See, when India embarked on its "Look East Policy" in 2002, it was keen to conduct operations in the South China Sea and to expand its naval activities to operate effectively east of Singapore. HC Jaishankar acknowledged that Singapore has accommodated India by providing efficient naval logistical support services from Changi Naval Base, which has allowed India to shift its naval support operations and focus

from Vietnam to Singapore. As a further example of close Singapore-India defense ties, all of the Singapore Navy's navigational training faculty are retired Indian naval officers.

¶8. (C) In return for the use of Singapore naval facilities, India provides the Singapore Armed Forces access to military training grounds in India for large-scale exercises involving artillery, mechanized, and armored units. Access has been expanded to include training space for the Singapore Air Force. Both countries also conduct joint military exercises.

(Note: HC Jaishankar told us that Singapore seemed surprised that the 2007 multilateral MALABAR naval exercises, which also included Japan, Australia, and the United States, prompted some negative reaction by China and leftist Indian political parties. End Note.)

Expanding Economic Ties

¶9. (SBU) Singapore's economic ties with India have grown considerably in the last several years, especially since the 2005 signing of the India-Singapore FTA (also called the Comprehensive Economic Cooperation Agreement - CECA), Singapore Ministry of Trade and Industry (MTI) officers told us. Total trade between the two countries has increased 20 to 40 percent annually since 2005. Singapore was India's second largest investor, after Mauritius and ahead of the United States, for the period April 2000 through November ¶2008. (Note: Published reports indicate that many U.S. and other foreign investors invest in India through Mauritius for tax-related reasons. End Note.) India is Singapore's tenth largest trading partner and tenth largest export market.

¶10. (SBU) India needs "a Hong Kong," a place that can serve as an external hub for Indian companies, and offer greater efficiencies than India, HC Jaishankar told us. While some India analysts expressed doubt about Singapore ever becoming

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India's Hong Kong, over 3,000 Indian firms now operate in Singapore, up from less than 50 in 1998. Although the majority are small enterprises, major Indian companies like Tata Steel and Bilcare (pharmaceuticals) have established operations. Many Indian firms looking to expand into Southeast Asia see Singapore as a logical location for their external headquarters. Additionally, MNCs planning to enter the Indian market will often contact potential Indian partners in Singapore, Ambassador See said.

¶11. (SBU) Meanwhile, for Singapore firms, India represents a huge potential market that Singapore lacks domestically. The FTA/CECA allowed Singapore firms to get a "first-mover advantage" upon entering the Indian market, Ambassador See said. However, Singaporeans have found doing business in India a challenge at times, Tan Mey Ling, Senior Assistant Director for MTI's South Asia Division told us. Entering the market can be daunting for a company setting up in an Indian state that has a population several times larger than all of Singapore, and navigating the political and regulatory differences between different states can be a challenge. Still, most businesses seem to judge India as politically stable and welcoming, and the GOS has established three International Enterprise (IE) offices in India to encourage the growth of Singapore exports and enterprises there, Tan stated. Businesses seem undeterred by security concerns and incidents such as the terrorist attacks in Mumbai, she added.

¶12. (SBU) The FTA/CECA was India's first comprehensive goods and services trade agreement and the first such agreement between Singapore and a South Asian nation. India looked to use the FTA as an example of its commitment to free trade and as a template for future FTAs, Ambassador See asserted. Typical of its FTAs, Singapore entered into the economic agreement largely for political reasons, as another way to bring India "into East Asia" in the context of the rise of

China, HC Jaishankar said. Given the FTA/CECA's political importance, both Singapore and India worked hard to ensure that "the bureaucrats would not impede negotiations," HC Jaishankar added.

¶13. (SBU) Singapore and India use a regular review process to discuss progress on the FTA/CECA and areas that are still evolving, Chan Kah Mei, Assistant Director for MTI's South Asia Trade Division, told us. Negotiations are still underway regarding mutual recognition agreements for skilled workers, such as architects and nurses, though Singapore does recognize degrees from some Indian medical schools. (Note: P.S. Suryanarayana, the Asia Pacific Correspondent for the Indian newspaper The Hindu, told us that Singapore recognizes only degrees from India's top universities, most recipients of which will go on to work in the United States or Europe. Most Indian doctors are unable to enter the Singapore market, he said. End Note.)

¶14. (SBU) Other issues, such as intellectual property (IP) protections in India, have not been tested to date because exchanges in areas such as scientific research and other IP-intensive industries have been limited, Chan said. The CECA does not include environmental provisions, but environmental engineering is viewed as a growth area for Singapore, and MTI officials indicated that several companies involved in water and clean energy technologies are venturing into the Indian market. Singapore has identified banking and telecoms as other areas for growth. (Note: Financial services is still the most contentious area and many issues have not been resolved, HC Jaishankar told us. End Note).

GOS: India needs an ASEAN Strategy

¶15. (C) While Singapore officials are pleased with the status and direction of bilateral ties with India, they believe India should do more to strengthen its engagement elsewhere in Southeast Asia. There are well-established ethnic Indian business communities in almost every ASEAN country, but they tend to focus mainly on traditional business interests. Meanwhile, bilateral ties in many cases have stagnated. Ambassador Koh noted that India's traditionally warm ties with Malaysia were frayed last year over the treatment of Malaysia's ethnic Indians, and relationships with Thailand

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and Indonesia have never been as well developed as they could be.

¶16. (C) Plans to sign an ASEAN-India FTA during the ASEAN Summit meeting were postponed after a delay in holding the Summit caused the meeting to be held too close, from an Indian perspective, to India's coming election season. During the Strategic Dialogue, Singapore suggested joint economic development projects in poor ASEAN countries including Laos and Cambodia. However, India was cool to the idea, Ambassador Koh told us, and has instead suggested exploring joint projects in the Maldives. Comparing India to China, which has country-specific policies and an overall strategic vision for its relations with Southeast Asia, Ambassador Koh said India appears to conduct its diplomacy in an ad hoc fashion with little strategic underpinning. As a result, India's relationships with many regional countries and with ASEAN are not where they should be, he said.

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